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For Immediate Release

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PRESIDENT OF TELEMARKETING FRAUD BUSINESS PLEADS GUILTY

PHILADELPHIA - Neal D. Saferstein, 36, of Mount Laurel, NJ, pleaded guilty today to four counts of an indictment¹ stemming from a multi-million dollar telemarketing scam that defrauded as many as 400,000 small businesses out of as much as \$75 million, announced U.S. Attorney Michael L. Levy. Saferstein was the President and Chief Executive Officer of GoInternet.net, Inc. ("GoInternet"), which did business at 20 N. Third Street, and 6 Strawberry Street, in Philadelphia. GoInternet allegedly derived more than \$75 million in gross revenues from a fraudulent telemarketing scheme that lasted from 2001 to 2004. Co-defendant Tyrone L. Barr, 35, of Philadelphia, was Vice President of Customer Service and Regulatory Affairs. Co-defendant Billy D. Light, 41, of Voorhees, NJ, was Chief Information Officer. Saferstein pleaded guilty today to one count of wire fraud, one count of mail fraud, and two counts of filing false tax returns. Sentencing is scheduled for February 2010.

According to the indictment, the entire GoInternet business model was designed to defraud customers and potential customers into making monthly \$29.00 payments for Internet-related services without their knowledge or authorization. GoInternet's telemarketers duped customers into receiving a welcome packet without disclosing that the mailing would trigger monthly bills unless the customer called to cancel. The packets were then designed to look like bulk business mail to prompt it to be disregarded or thrown away. GoInternet engaged in "cramming". It would place monthly charges on its customers' local telephone bills, without authorization, which customers routinely paid without noticing. By approximately 2003, GoInternet employed over 1,000 telemarketers and was signing on approximately 7,500 new customers every week. By the end of 2003, GoInternet's customer base included more than 350,000 businesses.

Saferstein prevented customers from receiving notices disclosing the cost of services, and delayed and prevented refunds from going to customers that had been defrauded and were promised refunds. Barr created fake sales-verification tapes which were purported to contain the telemarketer's call to the customer and the customer's consent. Barr pleaded guilty to wire fraud and is awaiting sentencing.

In 2003, the Federal Trade Commission brought a civil proceeding regarding GoInternet's

¹An indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

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practice of billing consumers for services without their authorization, which resulted in a \$58 million judgment being imposed against Saferstein and GoInternet. Light admitted that Saferstein directed him to testify falsely before the federal district court in Philadelphia during the FTC proceedings. Light pleaded guilty to conspiracy to commit perjury and is awaiting sentencing.

Saferstein also used GoInternet corporate funds as if they were in his personal bank account, paying for significant personal expenses. He also failed to report income from the years 2000 to 2003 allegedly exceeding \$1.7 million. In addition, the indictment charges defendant Saferstein with failing to pay over to the Internal Revenue Service more than \$2.8 million in payroll taxes while he ran GoInternet.

Saferstein faces a maximum penalty of 46 years imprisonment with a maximum fine of \$1 million.

Barr faces a maximum penalty of 20 years imprisonment with a maximum fine of \$250,000.

Light faces a maximum penalty 5 years imprisonment with a maximum fine of \$250,000.

The case was investigated by the Federal Bureau of Investigation, the Federal Trade Commission, the Federal Bureau of Investigation, the Internal Revenue Service and the U.S. Postal Inspection Service. It is being prosecuted by Assistant United States Attorneys Jennifer Arbittier Williams and Jason P. Bologna, and by FTC Special Assistant United States Attorney Larissa L. Bungo.

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